

UNITED NATIONS



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OFFICE OF INTERNAL OVERSIGHT SERVICES
INTERNAL AUDIT DIVISIONRef. No. 440-7-1:32 (1427/02)
AO-3/02
Assignment No. AF2002/21/3

01 October 2002

To: Mr. John Chien, Chief Administrative Officer
UNOHCI

From: Jayanti Prasad, Chief Resident Auditor
UNOHCI
Internal Audit Division, OIOS

Subject: Financial Management: Processing of Travel (F-10) Claims

The recommendations set out below are submitted for your consideration. Please comment on them and, where appropriate, specify the corrective action taken or provide a planned implementation schedule. When commenting please refer to the Assignment No. listed above and to the recommendation number in parenthesis in order to facilitate monitoring of its status (timely response, acceptance, implementation). Please reply by 31 October 2002.

*Audit Observations and Recommendations*Introduction

1. The audit review of processing of F-10 claims for the International staff in North was done at the request of the Management with the objective of documenting the process, determining the time taken in various stages, identifying the bottlenecks in the existing process and suggesting remedial measures.

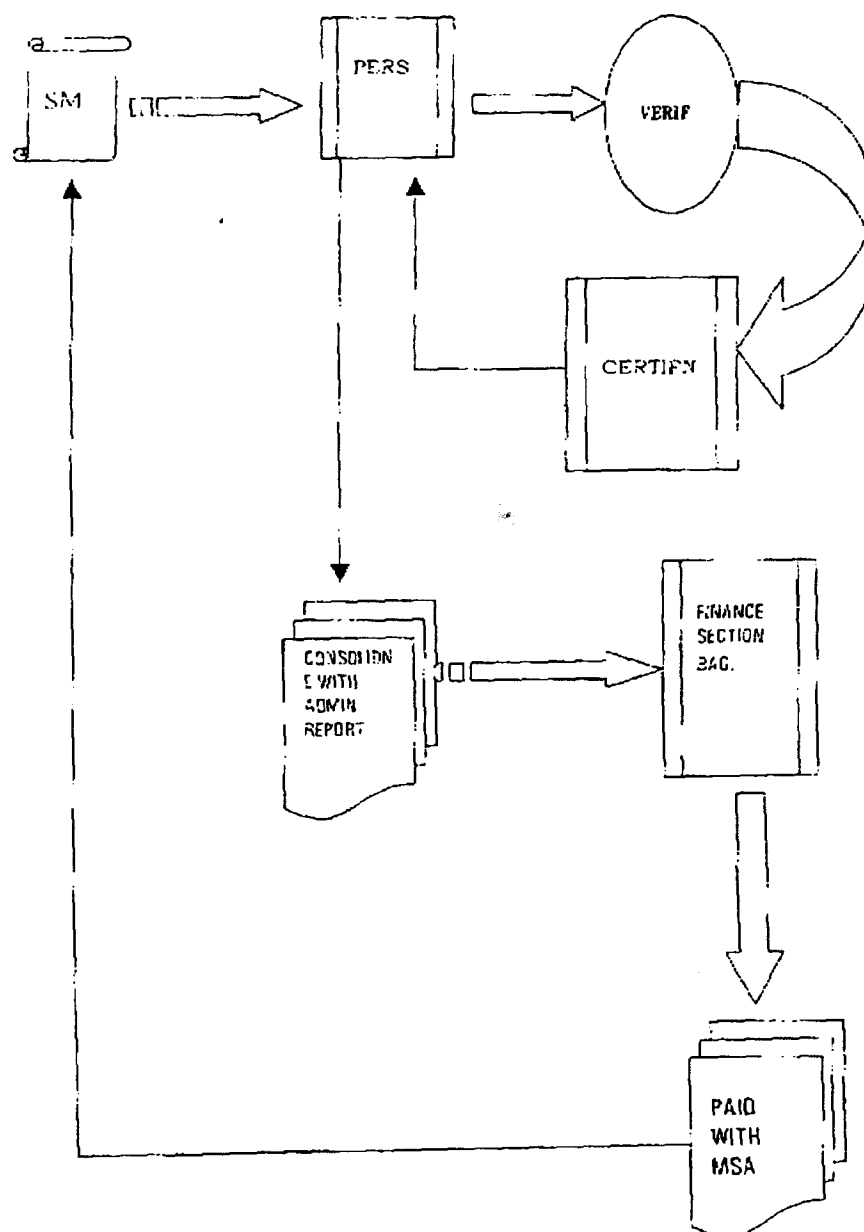
Process Description

2. For travel within the mission area on official business, the staff members are entitled to accommodation portion of DSA as per ST/AI/1997/6 as amended from time to time. This reimbursement is initiated by filing of a travel claim in a prescribed form (F-10 form). The process from filing of the claim to the eventual disbursement of the amount payable to the staff members, was reviewed. A flow chart of the same is shown below:

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Figure 1 Process of F-10 Settlement



3. The various stages of processing are enumerated below:

- i) The F-10 claim process starts with a staff member submitting his claim along with a copy of the verified MOP form. (Exhibit 'A').
- ii) The Personnel Section of North scrutinizes the claim and if it is in order forwards it to the Deputy CAO/ Certifying Officer for approval/certification.
- iii) After the Certifying Officer's approval and signature, the claim comes back to the Personnel Section in North, which sends it to Baghdad. The claims are sent to Baghdad in batches, along with the 'Administrative Reports', about three times in a month.
- iv) In Baghdad, the Finance Section processes the certified claims for payment, along with the processing of MSA. The F-10 claims relating to a particular month are supposed to be paid along with the same month's MSA, in accordance with the CFO, UNOHCI's Memorandum dated 31st October 2001. (Exhibit B)

Time Taken in Settling the Claims

4. We analyzed the theoretical aspect of the present system of processing of F-10 claims. We present two scenarios at the two extremes and the real situation would lie some where in between.

i) **BEST CASE:** A staff member submits his claim on 12th/13th of a month. After the processing in the Personnel Section and the subsequent certification by the Dy CAO, the claim reaches Finance Section in Baghdad on 15th and gets paid along with the same month's MSA. Thus, in the best case, the SM gets his claim in about 18 days time.

ii) **WORST CASE:** A staff member submits his claim on 13th/14th. After processing in Personnel Section and certification, the claim reaches Finance

Section in Baghdad after 15th and gets paid with the next month's MSA. Thus, in the worst case the SM gets his claim in about 43 days time.

6. Therefore, it is evident that in an efficiently functioning system the time between filing a claim and its reimbursement would be 18 to 43 days, which can be expected to yield an average of about 30 days.

7. This time delay is inherent to the system and is due to the fact that F-10 claims are paid along with the MSA, as a matter of policy. However, this is the ideal scenario where we have presumed at most 3 days of processing time by personnel/certifying officer/transit to Baghdad and actual accounting of all claims by Baghdad for claims reaching by 15th of a month. Any delay in either of the two processes in practice will clearly add to the overall time after which a staff member gets his/her claim.

Audit Findings

8. We took F-10 claims submitted by international staff members in North for two months, as sample for audit review. These claims were traced right from their submission by the staff member to their processing in Erbil and Baghdad and final payment to the staff member. The time taken in various stages was analyzed.

9. It was observed that there were thirty-nine, F-10 claims submitted by staff members during the period May to June 2002. These were sent by Personnel Section in North along with the 'Administrative Report' in 4 batches. These claims related to 19 international staff members in UNOHCI, North, out of a total of 43 staff members. These are abstracted below:-

Table I Statistics of F-10 Claims (North)

Administrative Report Date	Number of F-10 Claims included in the Administrative report
13 th May'2002	12
27 th May' 2002	11
17 th June 2002	8
1 st July'2002	8
Total	39

10. These F-10 claims were selected as a sample because it was expected that the first two batches would get paid along with MSA of June and last two along with MSA of July. We linked these claims with MSAs to evaluate the exact time taken in payment.

11. Out of these, six F-10 claims pertained to staff members who had moved out of North during this period and further MSA statements of two staff members could not be obtained. Accordingly, detailed analysis of 31 'Travel Claims' (F-10s) was done in audit.

12. We observed that international staff members had submitted their claims three days after completion of journey, on an average. The maximum delay in submitting the claim by staff members, after completion of journey was 21 days. The standard deviation of this time parameter was around four days.

13. Despite promulgating the policy that the F-10s would be paid along with the MSA of the month in which the F-10 is submitted, we also found that in none of the cases was the F-10 claim paid along with the MSA of the month during which the F-10 claim was submitted. We found that 5 claims submitted between 23rd April to 26th June had not been settled till 31st July.

14. The minimum time taken to pay F-10s to the staff members from the date of submission, was 31 days and the maximum was 88 days, for the sample cases reviewed. Further, the average

time from submission of F-10 claim to making the payment was 51 days. The standard deviation of this parameter was around 12 days.

15. The average time taken in processing the claims in Erbil (certification and dispatch to Baghdad) was 12 days with a minimum of one day and a maximum of 40 days and a standard deviation of eight days. Of this, the average time taken in certification after submission was 5 days with a maximum of 22 days and standard deviation of around six days. Further, the average time taken in dispatching the certified F-10 claims to Baghdad was seven days with a maximum of 18 days and standard deviation of around five days.

16. The average time taken further in processing the claims at Baghdad was 39 days, with a minimum of 30 days, maximum of 64 days and a standard deviation of around nine days.

17. These analytical results (Sample Statistics) are abstracted in the following table:-

Variable: Time taken at various stages	Average Time	Minimum Time	Maximum Time	Standard Deviation	95 % Confidence interval
Time taken by S/ms to submit claims	3	0	21	4.32	1.53 to 4.47
Time taken to certify claims	5	0	22	5.68	3.06 to 6.94
Time taken to dispatch certified claims to Baghdad	7	0	18	4.54	5.45 to 8.54
Time taken in final payment after receipt of claim in Baghdad	39	30	64	8.89	35.97 to 42.03
Total time taken in payment of a claim from submission	51	31	88	11.67	47.02 to 54.98

* Confidence interval at 95 % means that there is 95 % probability (assurance) that the variable (time in these cases) would fall within the indicated confidence interval (Range), in reality.

18. The reason for delay in Erbil was due to (i) that the F-10 claims were sent to Baghdad in batches and (ii) that after the F-10 claims had to wait for certification by Deputy CAO, as he was the only officer who could certify the F-10 claims.

19. In Baghdad, there is an in built delay in the system due to linking of F-10 claims with MSA payments as discussed above. Furthermore, we found that the claims sent on as early as 13th of the month were not be paid along with the MSA of the same month. (details at Annexure 1) in contrast to the stated policy of UNOHCI.

20. We also observed that due to this delay in processing of F-10 claims, the claims of the local staff in North were being processed and paid from the imprest of North, as an exception. In terms of time taken, this was far more efficient and these claims were being settled in a few days time (4-14 days).

21. We concluded that the absence of a full-fledged Finance Section in UNOHCI North is a major bottleneck in the F-10 settlement process. In our AO on Cash Operations in North (AF2001/31/3), we had recommended that the Finance Section in North be strengthened and online connectivity to various financial accounting system be provided in North. The Management had accepted the recommendation and it was stated that efforts were being made to post a Finance Officer in North and that SUN Accounts, REALITY, PROGEN would be provided in North. Based on assurances from the management, IAD/OIOS had closed these recommendations. However, the Finance Section in North continues to be manned only by a cashier and on-line accounting systems are yet to be made fully operation.

22. We recommend:-

(i) UNOHCI establish a full-fledged Finance Section in North with on-line connectivity to the financial accounting systems in Baghdad. (AF2002/21/3/101);

(ii) Designate at least one more officer in North as Certifying Officer, in order to reduce the delay in processing in Erbil (AF2002/21/3/102);

(iii) Claims should be sent to Baghdad immediately after verification by Personnel Section in North, for certification at Baghdad and further processing (AF2002/21/3/103)

(iv) CFO, UNOHCI should ensure that all the claims received in Baghdad upto 23rd of a month be processed and paid with the month's MSA.(AF2002/21/3/104) and

(v) UNOHCI should consider paying travel advance to staff members for official travel within the mission area.(AF2002/21/3/105)

23. We wish to express our appreciation for the assistance and co-operation extended to the Auditors by UNOHCI during this assignment.

Cc: Mr. Ramiro Lopes da Silva
Humanitarian Coordinator, UNOHCI

Mr. Tesfaye Maru
Deputy Humanitarian Coordinator, UNOHCI

Mr. Paul Agladjanian
Deputy CAO, UNOHCI

(Please TYPE or PRINT)

This space to be filled in by

Benjamin Louah

CATEGORY:

☒ Called for at CASHIER's office — indicate your Tel. Ext. 704X

☐ Mailed to following address:

☐ Mailed to following BANK A/C:

520

Payee Advice to be mailed to:

Duty Station: Ewbi

Dept./Div. or Office: Legal

P.T.A. or MCD No.:

Account No.

[illegible]

claim the subsistence and terminal expenses in connexion with the journey (as indicated on the reverse hereof), which I certify to have been made as authorized. I further certify that all expenses claimed represent actual disbursements made by me, and dependants indicated, actually travelled as shown.

ture of Claimant.

Date. 3-4-2002

A claim is in conformity with the journey as actually authorized. Payment of subsistence and/or travel expenses, is approved for all official stopovers and necessary travel time reported by the Claimant on reverse side, except as otherwise noted by me.

TOTAL:

LESS ADVANCES

BALANCE DUE UN
IF ANY

NET PAYMENT

use of
iCarrying

NO EXCEPTIONS

2 = 246 CLK.M

FOR EXCEPT ONE, SEE REVEALS

Date 2/29/2005

[illegible]

Major Debits

TC121 CIP0113

Total Liquidations 1

by Graciano

Submit Claim -

- ORIGINAL plus ONE copy to FINANCIAL SERVICES
- ONE copy to CERTIFYING OFFICER

$$\pi_{-10}(\delta - \delta K) = \pi_{-}$$

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Exhibit 'A'

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01/10 '02 TUE 16:08 FAX 7116

RES-AUDITOR UNOHCI NORTH

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Exhibit 'B'



UNITED NATIONS
OFFICE OF THE HUMANITARIAN COORDINATOR FOR IRAQ
UNOHCI

Tel: 964-1-7744810 / 7745712 / 7745703-7 or 001-212-963-2854 / 001-212-963-3010
Fax: 964-1-7744812 or 001-212-963-2859 / 001-212-963-3539 / 001-212-963-3009 / 001-212-963-3081

DATE: 31 October, 2001

To: ALL UNOHCI/UNGCI National Staff

From: Moustafa Darwish
Chief Finance Officer

A handwritten signature in dark ink, appearing to be 'M. Darwish', written over a horizontal line.

Subject: Processing F-10 Claims

Effective 1 November 2001 all F-10 Claims received by Finance during the month will be combined and processed with payment of the salary at the end of each month.

The aforementioned procedure is adopted in order to streamline and improve the efficiency of processing F-10 Claims under the new payroll system (Progen System) currently deployed in the mission.

Please be guided accordingly.

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Analysis of F10 Claim Processing												
S.No.	Name	Journey Completed On	F-10 Submitted On	Certified On	Sent To Baghdad On	Paid On	Time taken in Submission	Time taken in Certification	Time taken in sending to Baghdad	Total Time Taken in	Total Time Taken in	Total Time
(1)		(2)	(3)	(4)	(5)	(6)	(3)-(2)	(4)-(3)	(5)-(4)	(5)-(3)	(6)-(5)	(5)-(3)
							1	3	2	7	30	37
							1	3	2	11	30	41
							3	20	2	22	30	52
							0	11	2	13	30	43
							1	1	0	5	30	31
							0	3	2	14	30	44
							4	0	2	14	30	44
							7	5	8	17	30	47
							5	0	7	12	30	42
							3	11	6	19	34	53
							0	0	4	7	34	41
							1	0	14	14	34	44
							1	10	10	20	34	54
							1	10	7	17	34	51
							0	13	0	13	34	47
							4	5	5	19	34	53
							4	9	7	21	34	55
							0	5	6	11	34	45
							4	1	7	11	34	45
							0	5	5	10	34	44
							4	1	7	12	34	46
							0	5	6	11	34	45
							12	1	15	27	34	61
							1	5	7	13	34	47
							1	1	11	13	34	46
							2	1	8	11	34	45
							21	3	15	24	34	58
							3	3	13	18	34	52
							2	8	7	15	34	49
							1	5	7	12	34	46
							1	6	7	13	34	47
							1	22	18	40	34	78
							1	5	15	20	39	51
							3	5	7	12	39	51
							0	0	0	1	30	31
							21	22	18	40	64	88
							432	568	454	766	889	1167
							147	194	155	252	303	398
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